

01 1723 EST Mar 04



DRAFT WORKING PAPERS Iraq Status

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DEPARTMENT
OF
DEFENSE



Highlights

CPA Priorities:

- Essential Services
- Security
- Governance
- Economy
- Strategic Communications

CPA Intermediate Objectives:

- Reconstitute electric power infrastructure
- Reconstruct the telecom system
- Draft "Transitional Administrative Law"
- Build financial market structures
- Increase professionalism of TV staff

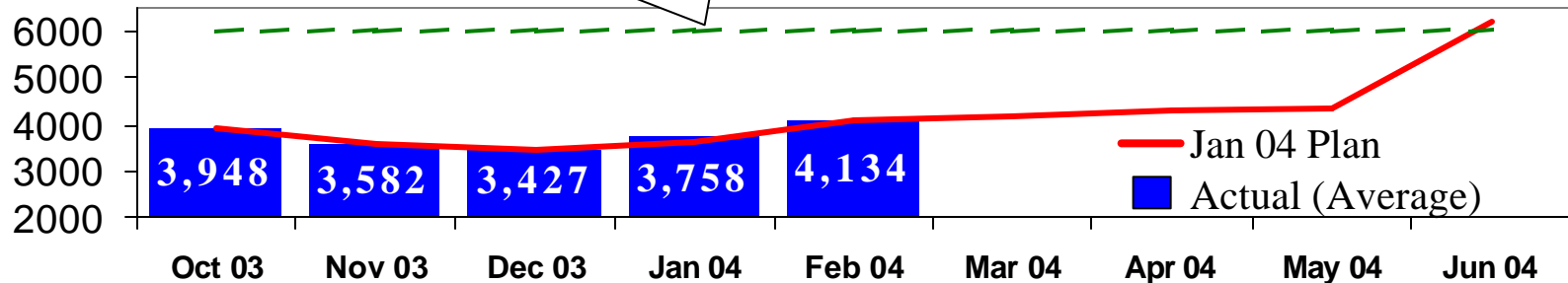
Weekly Highlights:

- Iraqi Governing Council passed its Transitional Administrative Law on 01 Mar
- On 15 Feb peak production hit a high point of 4,324 MW; seven-day average (14-20 Feb) peak electricity production was 4,199 MW
- Since May 03, CPA has reinstated telephone service for 91,800 subscribers, including 24,500 (a 36 percent increase) since last week
- Tax Strategy of 2004 signed and will go into effect 01 Apr
- Civic Education Campaign activities encourage Iraqi ownership of the transition & political process

Electricity Overview



Goal June 04: 6,000 MW Peak Production Capacity

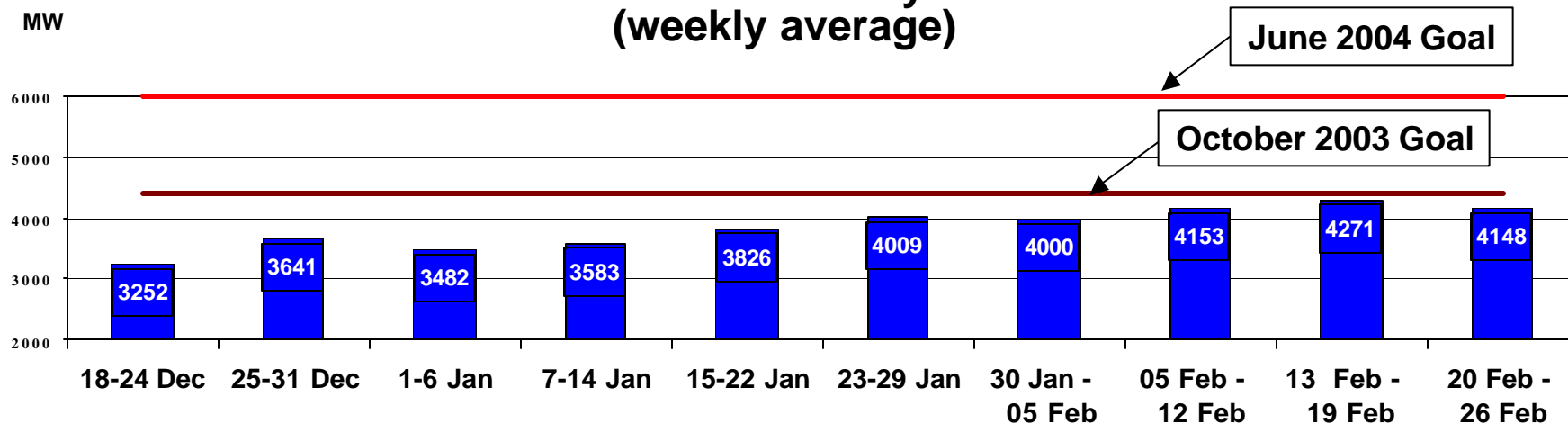


- Ambassador Bremer approved a new increase plan on 14 Jan to prevent current project delays from impacting the goal of 6,000 MW by 01 Jun
- CPA Autumn Maintenance Program began Oct 03 is transitioning into the Spring program throughout Feb and has resulted in 879 MW in scheduled maintenance losses on average over the past week. Unscheduled generator maintenance continues with 715 MW out of service

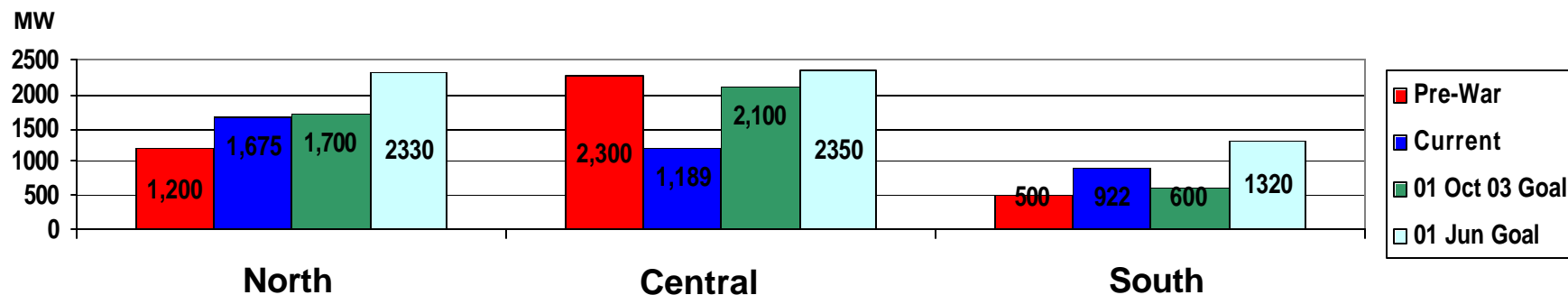
Power Production



Total Country (weekly average)



By Region



Hours of Power

AVERAGE HOURS OF ELECTRICITY AVAILABLE TO RESIDENTS

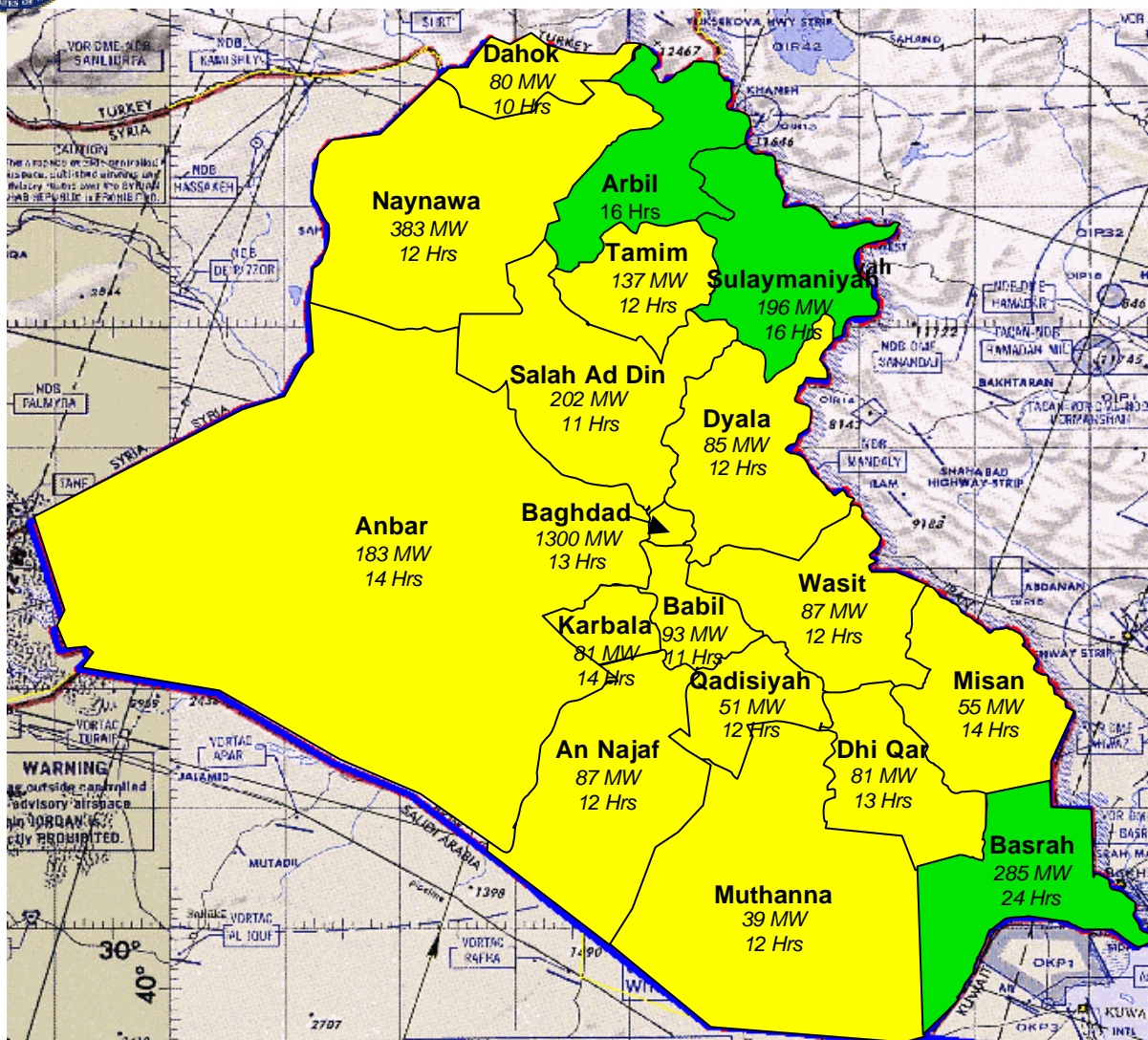
= 8 Hrs = Red

8 to 16 Hrs = Amber

= 16 Hrs = Green

No Report
Percent Change (7 Day)

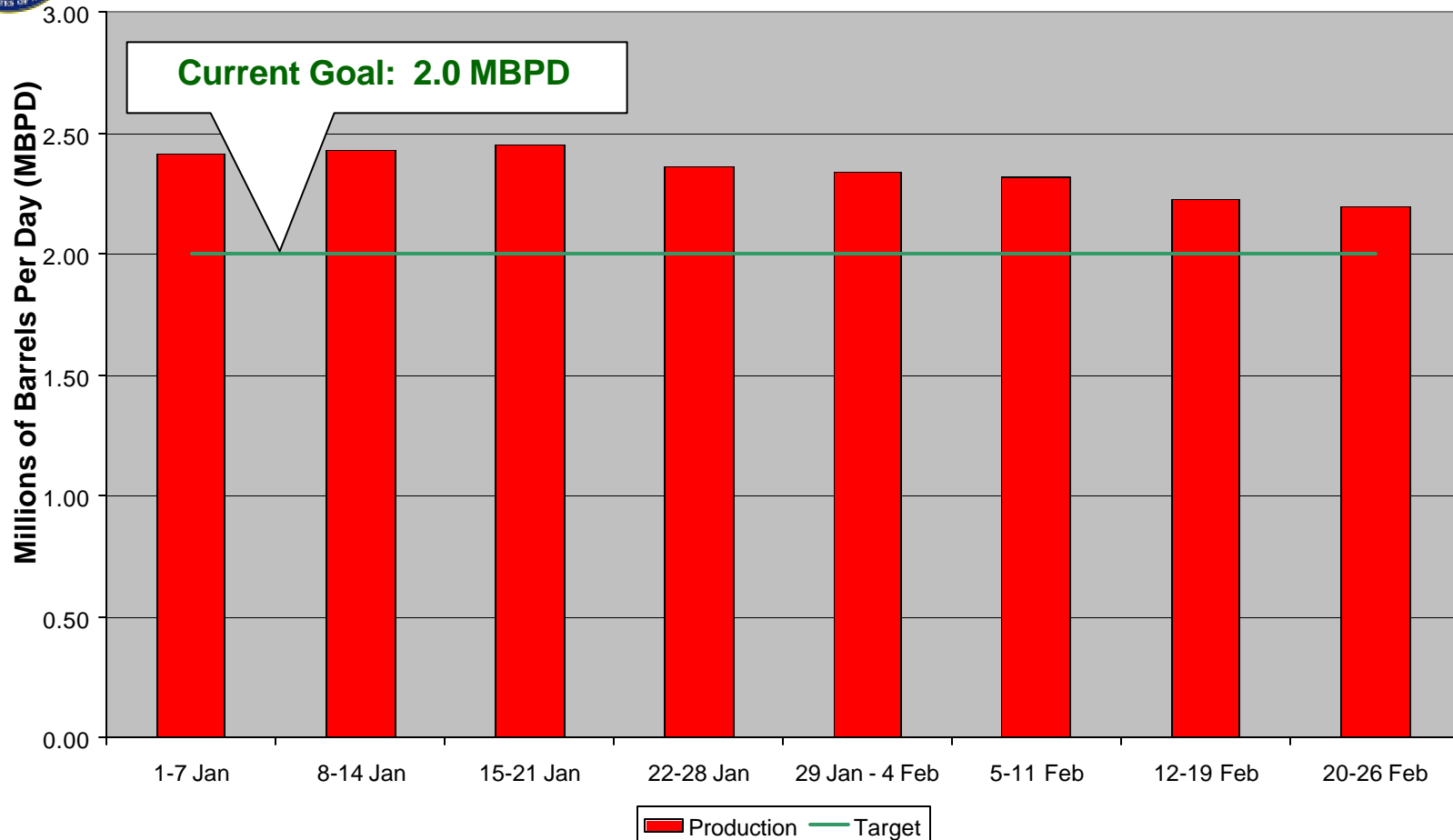
Baghdad	-0.5%
Duhok	0.3%
Naynawa	1.0%
Tamim	-2.0%
Salah Ad Din	4.0%
Anbar	-2.1%
Dyala	-8.6%
Babil	-2.4%
Kirbala	-7.2%
Najaf	-10.4%
Qadisiyah	2.3%
Wasit	-2.9%
Muthanna	-4.5%
Dhi Qar	0.0%
Misan	-3.5%
Basrah	-0.7%



Average Electrical Power Distribution per Governorate
as of 20 Feb



Crude Oil Production

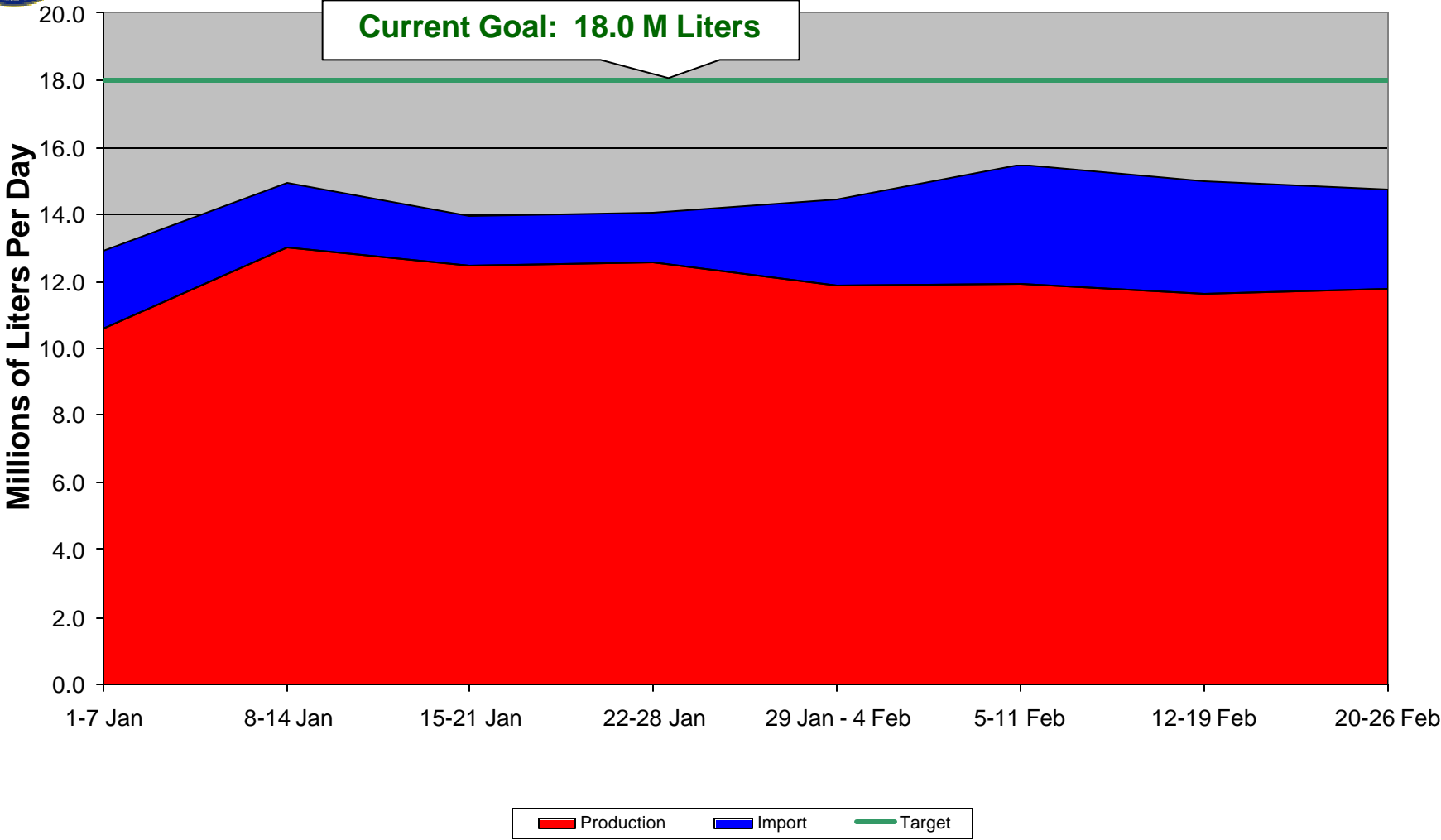


WEEKLY AVERAGE OF 2.196 MBPD EXCEEDS TARGET OF 2.0 MBPD

- Long Term Target (Dec 04): 2.8-3.0 MBPD (Pre-War Capacity)
- Pre-War Peak: 2.5 MBPD in Mar 03
- Post-war Peak: 2.484 MBPD on 06 Jan
- Weekly average of crude exports: 1.35 MBPD



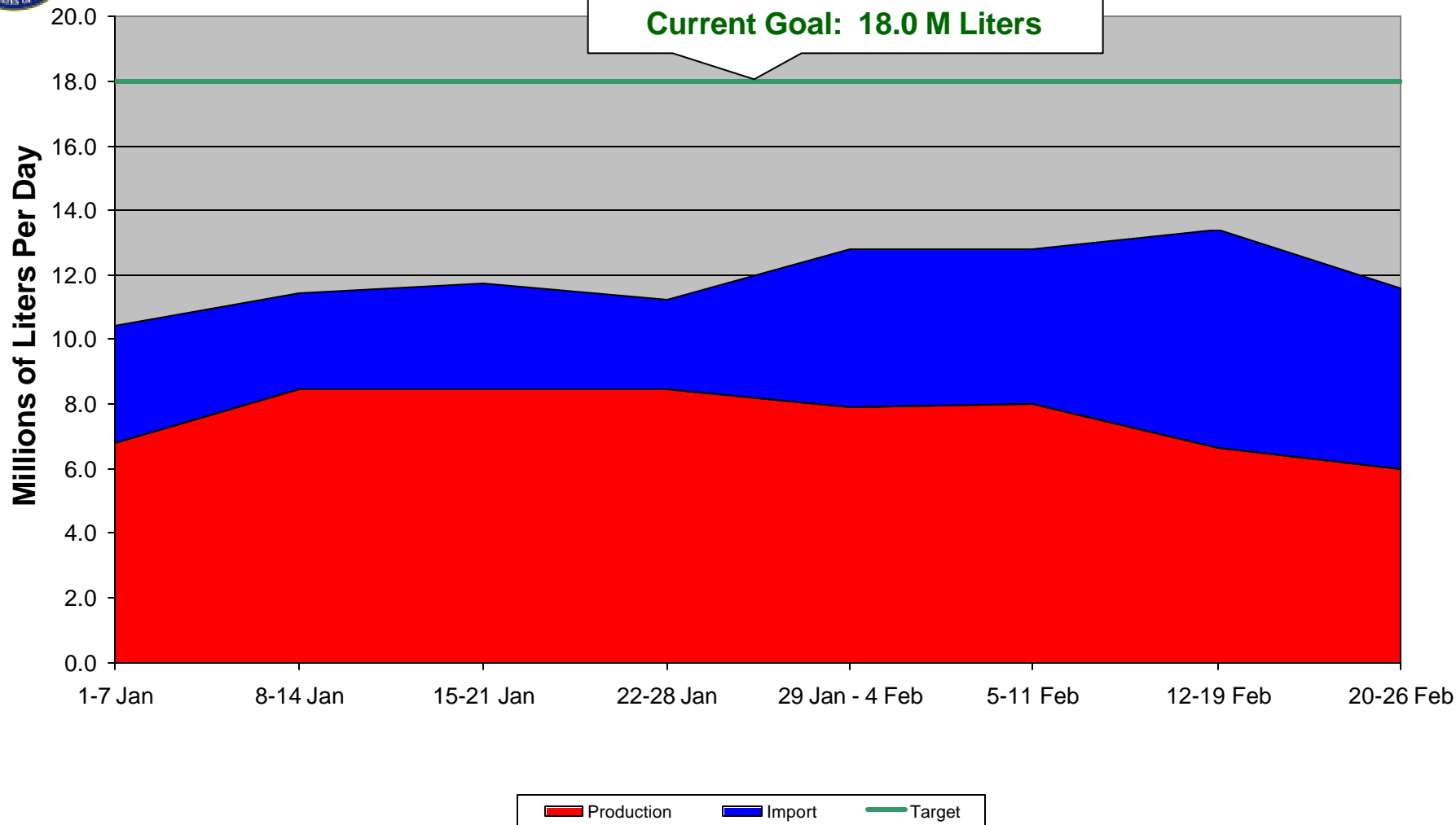
Diesel Production



• This week's average production and imports are 82% of goal

Kerosene Production

Current Goal: 18.0 M Liters



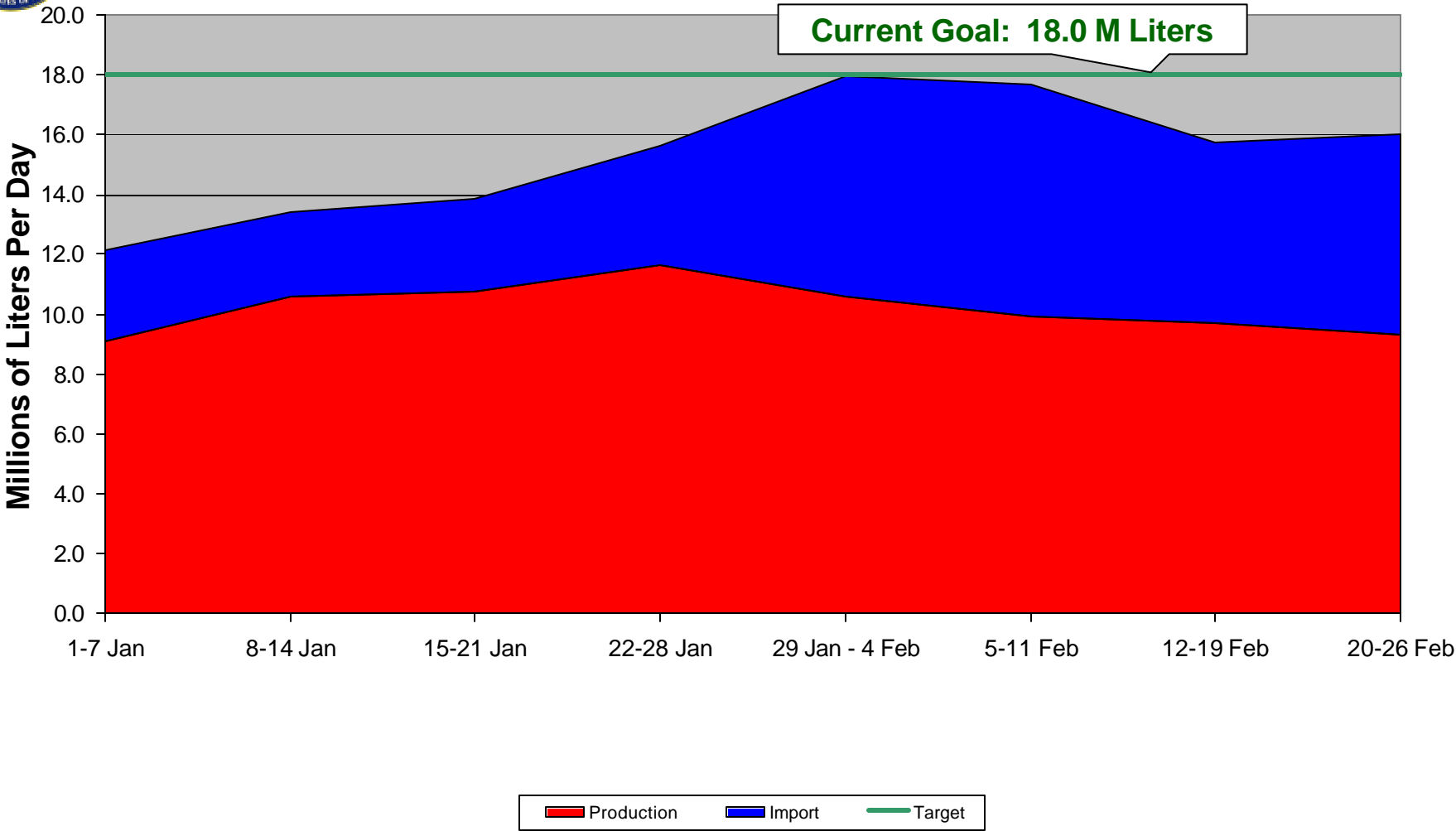
- This week's average production and imports are 64% of goal



Gasoline / Benzene Production

DEPARTMENT OF DEFENSE

N/P



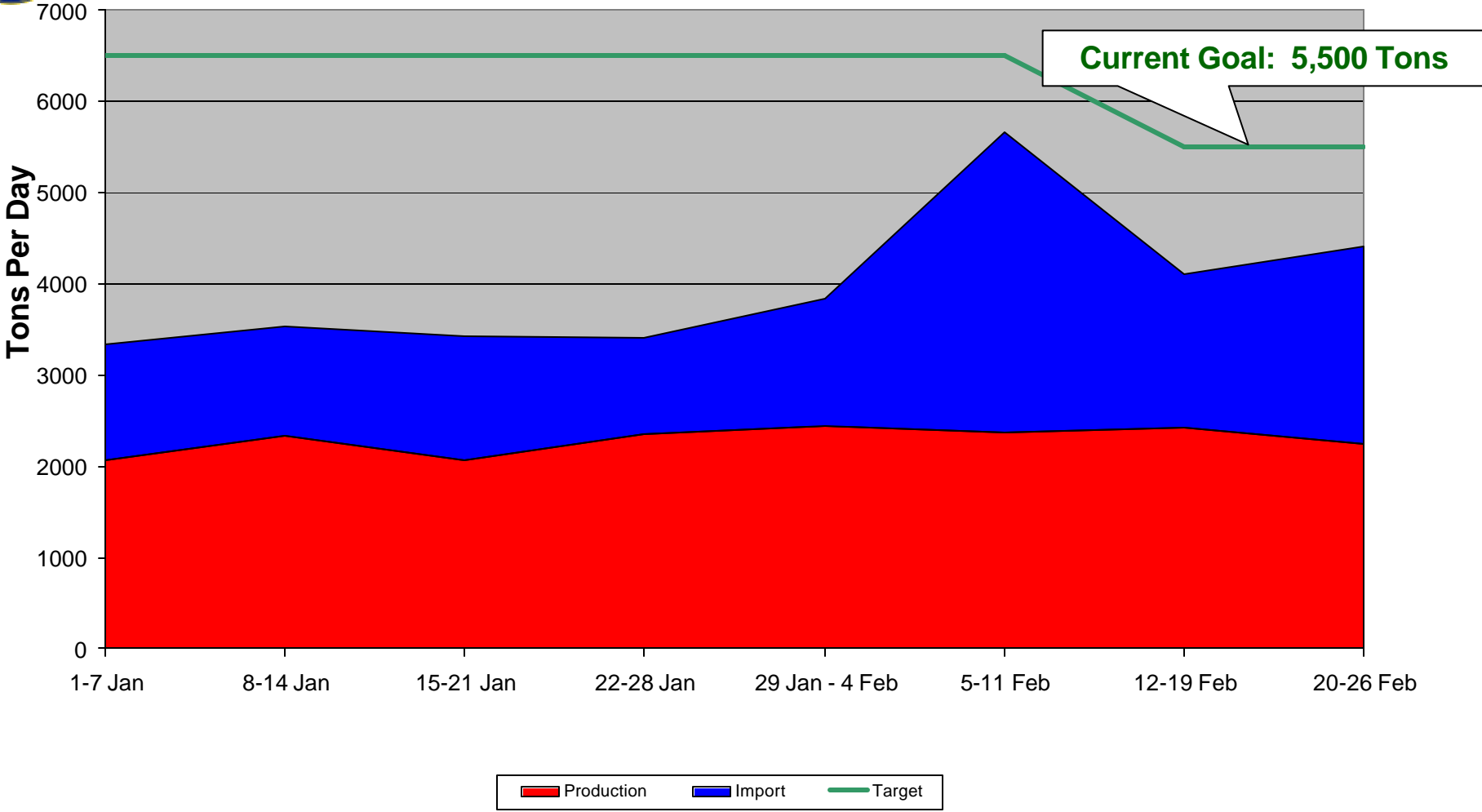
• This week's average production and imports are 89% of goal



Liquefied Petroleum Gas Production

DEPARTMENT OF DEFENSE

N/P



• This week's average production and imports are 80% of goal



Essential Services - Education

- International scholars in civic education from Czech Republic, Estonia, Egypt, Latvia, South Africa, and US shared their experience with Iraqis during a conference in Baghdad on civic education
- 11,000 teachers throughout Iraq graduated from high school teacher training programs on 16 Feb
 - Total of 33,000 teachers and 3,000 supervisors have been trained in instructional practices and classroom management strategies
- US State Department Fulbright Office added two new programs for Iraqis:
 - *Fulbright American Studies Scholarship* – post-graduate level seminars to promote development and improvement of courses and teaching about the United States at colleges and universities abroad
 - The *Fulbright Foreign Language Teaching Assistant (FLTA) Scholarship* - refine teaching skills and extend knowledge of the culture and customs of the United States

CPA Education Objective: Improve Quality and Access to Education

- Reorganize and staff the Ministry of Education
- Rehabilitate school buildings and build new schools
- Advance national dialog on curriculum reform
- Continue and expand teacher training



Essential Services – Healthcare

- **Hundreds of Iraqi physicians attended Iraqi Medical Specialty Forum presented by IGC, CPA, CJTF-7 and USAID**
 - **Distributed 15,000 medical journals from American Medical Association**
 - **25 papers from Iraqi doctors presented**
- **USAID delivered first of 600 Primary Health Care Kits to Al Andalous Clinic in Ramadi (Al Anbar governorate)**
 - **Kits contain 58 types of medical supplies, including basic medical equipment, office furniture, and laboratory equipment**
 - **Al Andalous Clinic serves over 28,000 people and is being used to assess and modify the health care kit delivery process**

CPA Health Care Objective: Improve Quality and Access to Health Care

- **Develop health care organizations, management, and infrastructure**
- **Train health care professionals**
- **Pharmaceuticals logistic support**
- **Secure system**
- **Public health**



Essential Services – Healthcare (cont)

- **USAID I-HELP Small Grants Program is building capacity of Iraqi health care providers**
 - Grants awarded in rural and urban areas around the cities of Baghdad, Al Basrah, Mosul, Al Kut, and An Nasiriyah
- **In Feb, 800 tons of high protein biscuits were delivered to 15 Governorates for distribution to malnourished children and pregnant and nursing mothers**
 - Survival of Iraqi children is expected to improve as children under five years of age receive better nutrition
 - Another 160 containers with 6,400 tons of high protein biscuits will be delivered before the end of Mar
- **Ministry of Health (MOH) concluded 3 health forums in Baghdad to discuss health sector reform**
 - Groups developed requirements for public health, healthcare delivery systems, finance, information systems, education and training, human resources, licenses and credentials, legislation and regulation, and pharmaceuticals and medical supplies
 - Results of discussions and surveys will be incorporated into the overall strategy for health sector reform



Essential Services – Water

- The Kerkh wastewater treatment plant will be brought back online by 01 Mar, benefiting 1.4 million Baghdad residents
- Sewage treatment plants are being restored to full capacity in Baghdad and when complete will serve more than 3.5 million Iraqis
 - Rustimiyah North & South Plants will be rehabilitated by Oct with USAID assistance
 - Currently, none of Baghdad's sewage goes through treatment before it is dumped into the Tigris River
- The renovation of the Sweet Water Canal's sediment retention reservoir system—a three-month effort—is nearly finished
 - 98% of the silt in the Canal's east settling reservoir has been removed
 - USAID is rehabilitating the entire Sweet Water Canal system of southern Iraq, restoring potable water to 1.75 million residents of Al Basrah area
- Total system volume for the 7 large reservoirs throughout Iraq is about 82% of volume expected at this time of year
 - Total volume is low due to excessive releases from Dokan and Derbendikhan reservoirs for electricity generation

Essential Services – Food Security



- New procurement by the World Food Program (WFP) and the Ministry of Trade (MoT) being accelerated to eliminate food shortages
- Future procurement plans by WFP & MoT will ensure food procurement goals are achieved
- Unconfirmed commodities contracts have decreased 24 percent in the last week: from 741,000 tons to 561,000 metric tons of goods
- USAID is executing agriculture income generation programs which are creating new jobs and improving agricultural yields in Iraq

Food commodity sources to meet ration requirements over the next 5 months:

Existing Oil for Food (OFF) contracts carried over from UN will supply most commodities through April into May

New WFP ration procurement commenced this week

MoT procurement begun as a “pilot” in February

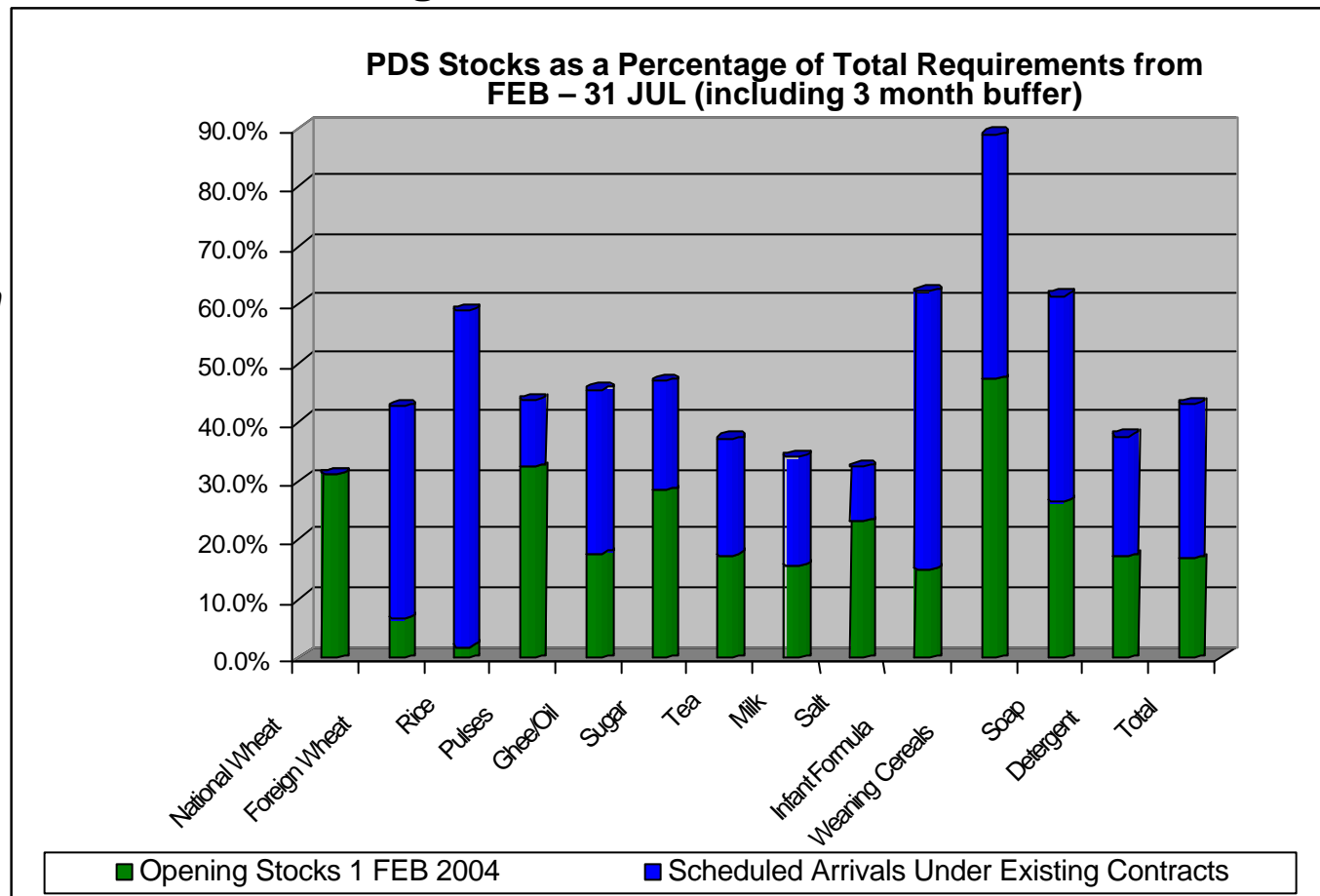
CPA Food Security Objective: Provide Food Security for all Iraqis

Enhance capacity of Ministry of Agriculture • Assure supply of inputs • Strengthen research system • Ensure adequate stocks for Public Distribution System (PDS) • Monitor food security • Hand over administration of system in the North • Initiate reform of rations basket • Environmental Initiatives

Essential Services – Food Security (cont.)

- Percent of estimated requirements on hand for 12 public distribution goods received under the Public Distribution System (PDS) until the end of Jun
- Percent of estimated requirements includes opening stocks (amount on hand) and scheduled arrivals of goods from MoT / WFP contracts

- *Requirements for transition include having the entire month of Jul on hand and an additional three-month buffer stock on hand*



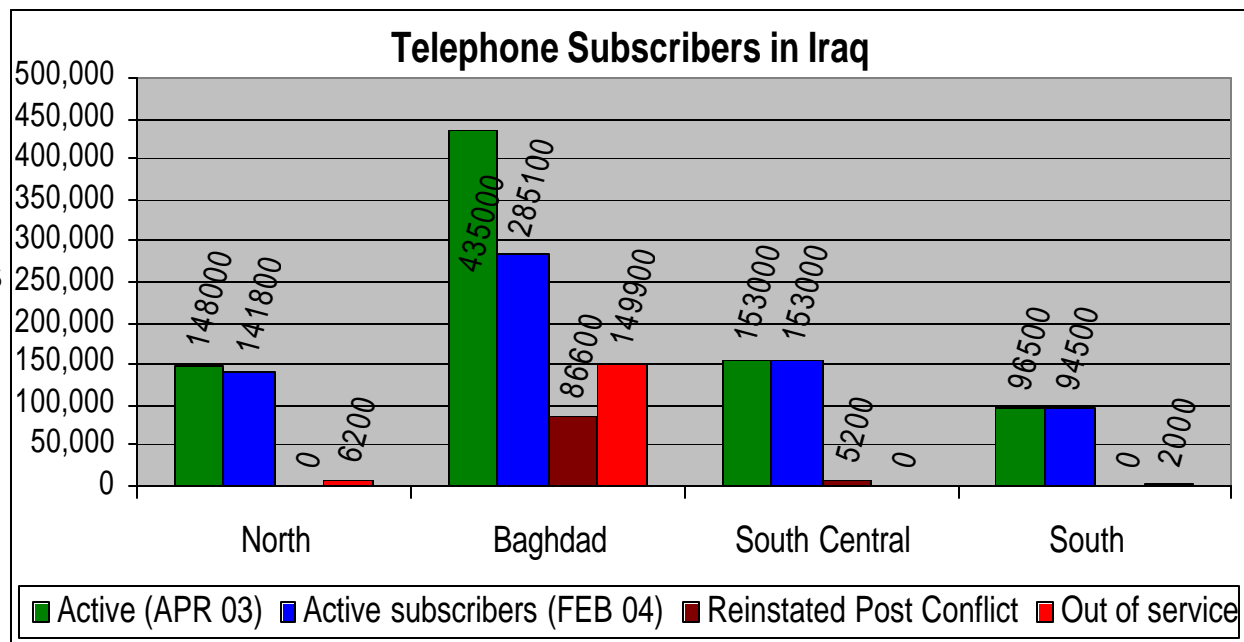
Source: CPA Food Security Team

Essential Services – Telecommunications



- Cell phone companies continue to sign up new subscribers (excluding 3 Northern governorates):

- Since May 03, 91,800 telephone subscribers reinstated
- 24,500 (36% increase) since last week
- Mosul-Sulaymaniyah-Kirkuk: 110,000
- Baghdad: 65,000
- Basra: 25,000



*Source: CPA Senior Advisor to the Minister of Communications
Iraqi Telephone and Postal Company [ITPC]*

CPA Communications Objective: Reconstruct Communications and Postal Systems

- Build Iraq's first responder network
- Establish independent regulatory agency
- Upgrade Iraqi Telephone and Postal Company (ITPC) network for interoperability
- Build transmission component data network for Iraq, including int'l gateways
- Restructure ITPC and its business operations
- Upgrade and modernize postal systems
- Upgrade ITPC outside plant for increased subscriber capacity and use

Essential Services – Telecommunications (cont)



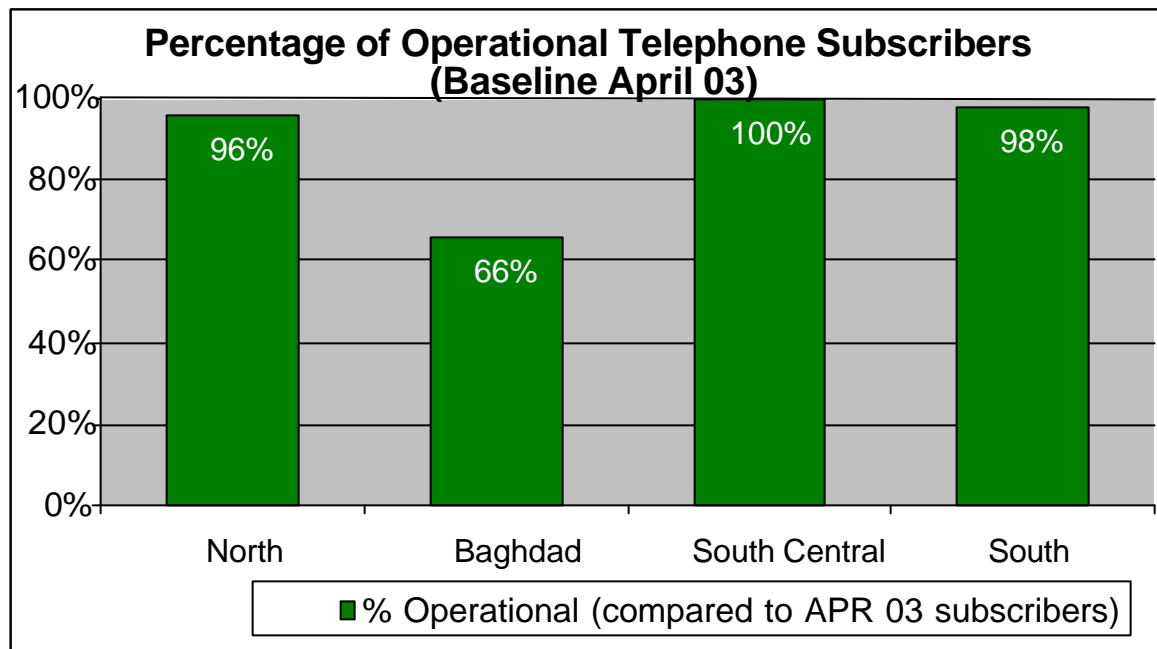
- **Percent of current operational telephone subscribers compared to number of active subscribers in Apr 03**

- Percent of active subscribers in Baghdad increased by 6% over last week

- **Currently 874,400 telephone subscribers (including 200k cell phone subscribers)**

- Exceeds number of prewar active subscribers

- **As of 20 Feb, 8,087 frequencies were registered or assigned within Iraq for Non-Coalition users (covering uses such as satellite links for news agencies, land mobile radios for the Iraqi Armed Forces or Security Forces, radio stations transmissions, and communications for Air Traffic Control towers)**



Source: CPA Sr. Advisor to MoC, ITPC



Essential Services – Transportation

- After being significantly delayed by late equipment deliveries, installation of the Iraqi Republic Railway's (IRR) new VHF radio network is now progressing rapidly
 - To date, radios have been installed in 36 locomotives, including all of the active Baghdad-based units
- The first two of thirty new Ukrainian-built mainline diesel-electric locomotives acquired under the UN Oil-for-Food Project arrived this past week in Baghdad
- On 14 Feb, the IRR delivered 4,000 tons of Syrian grain to Mosul, Taji, and Dora
- Ministry of Transportation appointed a new Director-General and deputy Director-General to replace the management at the Iraqi Ports Company for delaying the disbursement of salaries
- After additional last-minute repairs and sea trials, the ship *Saif Saad* of the Iraqi dredging fleet is expected to resume dredging by end of Feb



Security Forces

	Required	On Payroll (Untrained)	On Duty (Partially Trained)	On Duty (Fully Qualified)	In-Training	TOTAL
Iraqi Border Police	8,814	0	8,259	0	0	8,259
Dept of Border Enforcement	16,892	0	9,873	0	0	9,873
Iraqi Police Service	75,000	54,270	20,299	2,718	4,565	81,852
Iraqi Civil Defense Corps	40,000	0	0	28,695 (OJT Continuous)	2,352	31,047
Iraqi Armed Forces (IAF)	40,000	0	0	2,035	2,273	4,308
Facilities Protection Service (Ministries & MSCs)	96,633	0	0	73,937	0	73,937
	277, 339					208,830

As of 29 Feb 04



AMMO / Explosives / Weapons Captured (Monthly)

<u>Captured AMMO & Explosives</u>	Nov	Dec	Jan	Feb
Assembled IEDs	317	248	221	234
RPG rounds, Grenades	2,330	2,120	5,661	7174
MANPAD rounds	63	53	66	206
Mortar, Artillery, Rocket Rounds	17,689	11,452	17,164	22,935
Mines	124	1,154	396	2,863
Pounds of Explosives	3,200	2,902	3,393	2,426
Anti-Aircraft rounds	347,875	93,936	210,270	1,695
<u>Captured Weapons</u>				
RPG Launchers	629	441	820	301
MANPAD Launchers	21	23	73	45
Small Arms	946	1,698	2,389	1,149
Crew Served Weapons	84	110	40	173

Data as of 29 Feb



Stability Contributors

Countries with forces in Iraq

34
TOTAL ~24K

Albania
 Australia
 Azerbaijan
 Bulgaria
 Czech Rep
 Denmark
 Dom Rep
 El Salvador
 Estonia
 Georgia
 Honduras
 Hungary
 Italy
 Japan
 Kazakhstan
 Korea
 Latvia

Lithuania
 Macedonia
 Moldova
 Mongolia
 Netherlands
 New Zealand
 Norway
 Philippines
 Poland
 Portugal
 Romania
 Singapore
 Slovakia
 Spain
 Thailand
 Ukraine
 UK

Countries considering decision to provide forces for Iraq

6
TOTAL TBD

40 Countries
 Potentially Supporting
 Iraqi Stability and
 Humanitarian Relief

Governance – Democracy Building

- Iraqi Governing Council passed the Transitional Administrative Law (TAL) on 01 Mar
- TAL will serve as Iraq's interim constitution between 30 Jun handover of sovereignty and completion of a permanent constitution by a directly elected parliament
- TAL includes a historic Bill of Rights that is unprecedented for Iraq and the region
 - Guarantees basic rights of all Iraqis, including freedom of religion and worship, the right to free expression, to peacefully assemble, to organize political parties, and to form and join unions
- Also guarantees the right to peacefully demonstrate and strike, to vote, to a fair trial, and to be treated equally under the law
- Discrimination based on gender, nationality, religion, or origin is strictly prohibited
- GC will hold formal signing ceremony on Wednesday, 03 March
- TAL will NOT be released to the public in its entirety until signing ceremony

Provincial Councils Refreshment



Refreshment to become more representative of population than when originally created

- ★ Provincial Council refreshed
- ★ Refreshment in process
- ★ Not included



Governance – National Transition

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2003

Nov 15

New agreement between CPA and GC on transition process

Mar 1

Drafting and approval of Transitional Administrative Law

Mar 31

Bilateral security agreements

2004

May 31

(Under review) Selections to Transitional National Assembly

Jul 1

Interim government assumes full sovereign powers for governing Iraq; Design of “caretaker” government to be determined with participation of CPA, GC, and United Nations

Mar 15

(Under review) Elections to constitutional convention

2005

Dec 31

(Under review) Constitutional ratification and national elections**New Government Assumes Power**



Economics – Financial Market Structures

- **2004 Tax Strategy goes into effect 01 April**
 - Maximum 15 percent income tax on corporations and individuals
- **The Iraqi Governing Council's Finance Committee has adopted both the new Company Law and the 2004 Trade Liberalization Policy**
- **Financial Management Information System (FMIS) went online 16 Feb at the Ministry of Finance**
 - Provides automated, networked accounting and budget execution system with online access and real-time, updated centralized database for all spending organizations in Iraq
- **The Iraq Stock Exchange is expected to open next month**
- **World Trade Organization (WTO) unanimously conferred "observer status" upon Iraq**
 - Step toward WTO membership
 - Allows Iraq to attend all WTO committee meetings and to qualify for special training and assistance

CPA Economic Objective: Commence Reform of Tax System

- **Reform tax rates**

Economics – Currency & Banking

- An Iraqi bank is reviewing the largest loan to an Iraqi company since the beginning of the conflict
- As of 19 Feb the balance in the Development Fund for Iraq (DFI) was \$8.4 billion
 - Total payments out of DFI amount to \$4 billion
 - DFI investment program has earned \$12M in interest
- Seven grants, a total of \$394,000, were approved 23 Feb under USAID's Agriculture Reconstruction and Development Program for Iraq (ARDI) to build the capacity of Iraq's agriculture sector
- As of 20 Feb Iraq's two large state-owned commercial banks, Rafidain and Rasheed, have extended dollar loans totaling \$8.9 million, a 49 percent increase over the dollar loan amount extended as of 30 Nov 03

CPA Economic Objective: Build Financial Market Structures

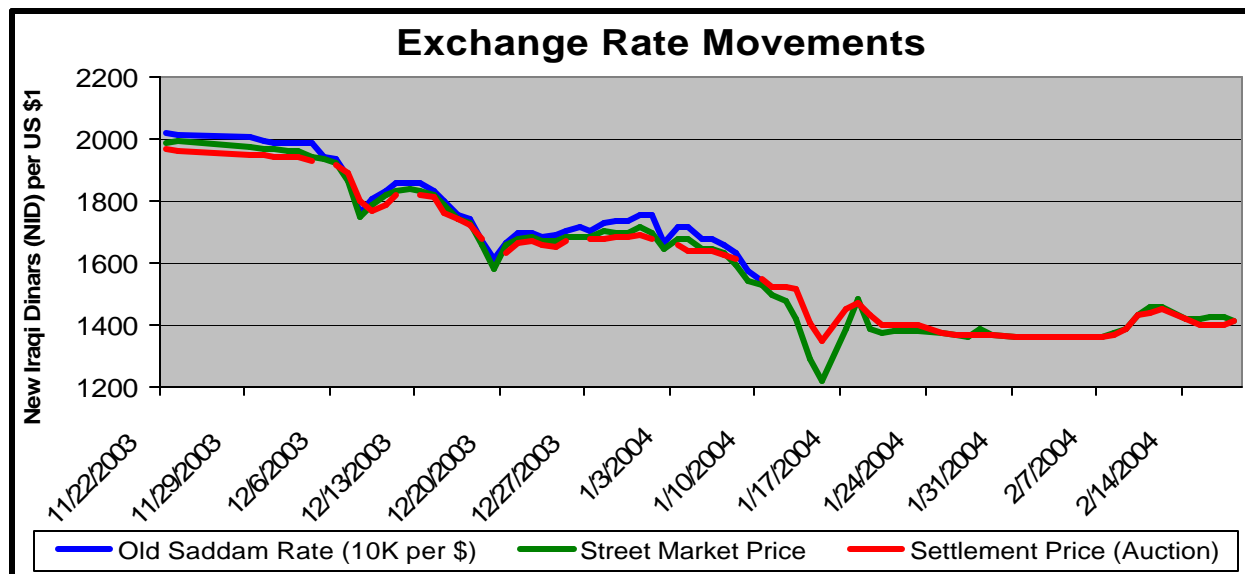
- Modernize the Central Bank
- Commercial Banking System
- Re-establish Baghdad Stock Exchange
- Restructure National Debt

Economics – Currency & Banking (cont)



- The Currency Auction was developed and is operated by the Central Bank of Iraq (CBI)
- At the New Iraqi dinar (NID) auction on 19 Feb the settlement price was 1,415 dinars per dollar, the same as it was the previous day, and the value of dollars sold was nearly \$13 million
- During the past week, the NID held its value against the U.S. dollar

Date	# banks participating	Amount sold or bought	Auction price (dinars per dollar)
16-Feb	13	\$7.735 million	1,400
17-Feb	14	\$11.310 million	1,425
19-Feb	14	\$13 million	1,415





Economics – Other Developments

- Ministry of Planning announced unemployment rate of 28 percent and underemployment rate of 21.6 percent, for a total of 49.6 percent under/unemployed
- Increase in the Consumer Price Index for 2003 was 33.6 percent
- CJTF-7 C-9 estimates that CPA has created 434,896 jobs for Iraqis
 - National Employment Program: 108,433 (Public Works)
 - Security / National Defense: 210,495
 - CJTF-7: 50,473
 - Civilian contractors working under CPA contracts: 61,415
 - Governorate Teams: 1,380

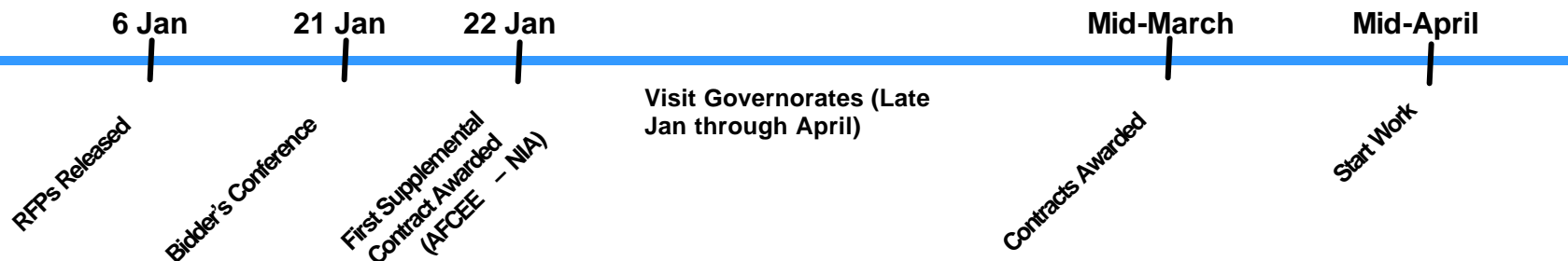
CPA Economic Objective: Develop Framework for Sound Public Sector Finances and Resource Allocation

- Increase Capacity of Ministries of Finance and Planning to Manage Public Resources
- Increase International Coordination to Manage Foreign Assistance

CPA Economic Objective: Pursue National Strategy for Human Resources Development

- Begin work to employ 100,000 workers in Public Works programs around the country

Program Management Office (PMO)



Construction Tasks Committed by 01 Jul 04

<u>Sector</u>	<u>\$M Committed</u>
• Oil	\$ 865
• Electrical	\$1,993
• Security / Justice	\$ 749
• Water / PW	\$ 722
• Trans / Comm	\$ 367
• <u>Bldgs / Educ / Health</u>	<u>\$ 371</u>
Total	\$5,067 Million

24 February 2004 - Status

Non- Construction Procurement by 01 Jul 04

<u>Sector</u>	<u>\$M Committed</u>
• Oil Infrastructure	\$ 836
• Electrical	\$ 86
• Security and Law Enforcement	\$ 2,308
• Justice and Public Safety	\$ 540
• Democracy	\$ 458
• Water Resources and Sanitation	\$ 139
• Trans / Comm	\$ 234
• Roads, Bridges, & Construction	\$ 3
• Private Sector Development	\$ 131
• <u>Educ, Refugees, & Human Rights</u>	<u>\$ 247</u>
Total	\$ 5,307 Million

Program Management Office (PMO)


24 February 2004 - Status

Sector	2207 Report	Apportioned	Committed	Obligated
* Security and Law Enforcement	3,243	2332.7	766.8	263.7
Electricity Sector	5,560	1683.1	1264.8	428.2
Oil Infrastructure	1,701	1600.0	766.2	4
Justice, Public Safety, and Civil Society (less democracy)	560	560.9	99.2	21.4
Democracy	458	458.0	99	74
Education, Refugees, Human Rights, Governance	280	138.5	32.6	27.1
Roads, Bridges, and Construction	370	119.3	0	0
Health Care	793	330.0	0	0
Transportation and Telecommunications	500	164.0	60.3	0
Water Resources and Sanitation	4,332	496.2	18	18
Private Sector Development	184	64.5	.2	0
<u>TOTAL</u>	18,439	7947.2	3107.1	836.4
CONSTRUCTION	12,611	3950	1746.6	595.8
NON-CONSTRUCTION	5,370	3539.2	1261.5	166.6
DEMOCRACY	458	458	99	74
Total	18,439	7947.2	3107.1	836.4

Strategic Communication



- **USAID supports CPA objectives through the Civic Education Campaign (CEP)**
- **The design of the CEP is based on five principles:**
 - **Programs must be engaged with ongoing political activity and themes relevant to citizens' daily lives**
 - **A positive impact is dependent on repeated interaction and active participation**
 - **A positive impact is created by educating a community, not individuals**
 - **Training of trainers crucial for sustained impact**
 - **Gender issues are vital to citizen engagement**

Getting the message out:

Civic Education Campaign activities are being supported to help encourage Iraqi ownership of the transition & political process. These activities include:

Public events: to raise the visibility of the transition, increase public understanding & engage people in the political process

National agenda dialogues: help specific audiences create a political and social agenda that can be promoted among local and national political leaders and the general population.

Media: will be addressed to help create an informed cadre of professional journalists that can effectively relay accurate information & encourage participation through innovative and attractive civic education programs.

Civic dialogue efforts for public officials: facilitate interactive discussions between local government officials on civic themes such as accountability.

Civil society organization development: activities build institutional capacity among local organizations to engage in dialogue, educate citizens, & conduct information campaigns.

Public information: provide citizens with facts about the political process & info about the democratic environment.